

**Six Year Strategic Plan
2006 – 2011
Caseload Forecast Council (CFC)**

Mission:

To provide state government with accurate, unbiased, and widely understood caseload forecasts, to analyze key forecast drivers, and to identify the potential risks to the forecasts.

Vision:

CFC caseload forecasts are a trusted component of the state budget process allowing decision makers to efficiently allocate state resources to achieve citizen goals through the priorities of government.

Guiding Principles:

Our agency is guided by five principles

- Integrity
- Expertise
- Innovation
- Collaboration
- Accountability

The Caseload Forecast Council is committed to maintaining integrity in our forecast process and outcomes. Trust and confidence in caseload forecasts is created through an open, transparent, and collaborative process that involves key decision makers.

We are committed to ongoing staff development and training with the goal of maintaining a high level of expertise in a variety of forecast methods. We value innovation both in the scope of forecast methodology and in our openness to new ways of producing more useful forecasts.

As individuals and as an agency we are accountable to the Caseload Forecast Council, to the program areas impacted by our forecasts, and to the citizens of Washington to have a well functioning state budget process.

Statutory Authority Statement:

RCW 43.88C creates the Caseload Forecast Council and specifies which forecasts it prepares.

RCW 43.88C.020(5) provides “The official state caseload forecast under this section shall be the basis of the governor’s budget document as provided in RCW 43.88.030 and utilized by the legislature in the development of the omnibus biennial appropriations act.”

Priorities of Government:

The POG teams have identified ten results that citizens expect from state government. We recognize that the CFC's main role is to contribute to result number ten, to improve state government's ability to achieve results efficiently and effectively.

Accurate, unbiased, and well understood entitlement caseload forecasts allow resources to be properly allocated to fulfill entitlement obligations and to determine available resources for other state priorities. Through the proper allocation of state resources to entitlement programs, the CFC's work contributes to the following results:

- Improve **student achievement** in elementary, middle and high schools
- Improve the **health** of Washingtonians
- Improve the **security** of Washington's vulnerable children and adults
- Improve the **safety** of people and property

Overview

The CFC produces entitlement forecasts in the areas of State Correctional Institutions, State Correctional Non-Institution Supervision, State Institutions for Juvenile Offenders, The Common School System, Public Assistance, Long-Term Care, Medicaid Personal Care for People with Disabilities, Medical Assistance, and Foster Care and Adoption Support.

These programs served over 2.17 million Washington citizens in 2005.

	Average 2005 Monthly Caseload	Percent of Total
Common School	1,158,939	53.40%
Medical Assistance	866,578	39.90%
Long-Term Care	48,623	2.20%
Adult Corrections	44,623	2.10%
Public Assistance	27,088	1.20%
Foster Care & Adoption Support	17,630	0.80%
Medicaid Personal Care Services	5,952	0.30%
Juvenile Rehabilitation	844	0.04%
Total	2,170,476	100%

Washington State created the Caseload Forecast Council in 1997 as an independent state agency to produce caseload forecasts to be used in the state budget process. Washington was one of the first states to introduce such an independent body into its budget making structure. The Caseload Forecast Council, and a similar Council that develops an independent revenue forecast, report to Councils with both legislative and executive members. These objective and independent forecasts of state revenues and entitlement caseloads form a common basis for the development of the state budget.

The Caseload Forecast Council has three forecast rounds a year. The first is used as the basis of the Governor's budget, the second in the Biennial Appropriations Act, and the third to fully adjust for new legislation. The agency is founded on the basis of technical expertise and experience and creates forecasts through a collaborative process with state agencies, the Office of Financial Management (OFM), and the Legislature. These entitlement caseloads account for over half of the state budget expenditures.

Goals, objectives, and strategies

- Goal 1: To be a well respected forecasting agency with a reputation for excellence
 - Objective 1: Forecast accuracy is regularly monitored, analyzed and improved
 - Strategy 1: Performance measures are reviewed and updated annually
 - Strategy 2: Forecast performance is tracked and analyzed within technical workgroups
 - Strategy 3: Forecasts incorporate the most accurate estimates of policy impacts
 - Objective 2: Staff builds technical skills through training and collaboration
 - Strategy 1: the Deputy Director aids each staff member in the development of a career development plan
 - Strategy 2: Staff attends technical workshops or trainings at least biannually
 - Strategy 3: Staff meets at least once a month to share new forecast techniques or processes
 - Objective 3: Staff is professional and responsive to all outside partners
 - Strategy 1: Expectations for outside partners are shared and understood by all staff
 - Strategy 2: Staff is supported in constructively resolving criticisms or complaints
 - Strategy 3: Staff is supported in developing new methods to communicate with partners.
 - Objective 4: Best practices are maintained, shared, and improved
 - Strategy 1: Deputy Director is supported in developing best practices
 - Strategy 2: Best practices are used to promote innovation, flexibility, and accountability
 - Strategy 3: Best practices are shared with partners
- Goal 2: Promote usefulness of forecasts
 - Objective 1: Identify key drivers of caseload movements
 - Strategy 1: Communicate regularly with program staff
 - Strategy 1: Develop research agenda around forecast drivers
 - Strategy 2: Disseminate research to stakeholders
 - Strategy 3: Seek outside experts to provide background on key drivers to Council.
 - Objective 2: Provide clear assessment of forecast risk
 - Strategy 1: Inherent variability of caseloads measured through performance measures
 - Strategy 2: Future risks to forecasts identified through workgroup process and shared with Council
 - Objective 3: Present forecasts in context of future environment
 - Strategy 1: Analyze demographic trends in consultation with OFM
 - Strategy 2: Develop long-term forecasts to guide short-term trends
 - Strategy 3: Seek state and national information sources on trends in forecast program areas
- Goal 3: Collaborate within state government to achieve mutual goals
 - Objective 1: Identify mutual goals through Formal Workgroup
 - Strategy 1: Share agency strategic plan with formal workgroup
 - Strategy 2: Develop mutual goals during June formal workgroup meeting
 - Strategy 3: Develop measures of progress towards goals

Objective 2: Determine workgroup strengths and weaknesses through agency survey and adapt workgroup process to changing environment

Strategy 1: Survey is conducted by Deputy Director at least biannually

Strategy 2: Survey results are shared with all partners

Strategy 3: Survey results are used to develop strategies to improve workgroup process

Strategy 4: Measures are developed to assess success of strategies

Goal 4: Accountability to Council and citizens

Objective 1: Participate fully in state government assessment process

Strategy 1: Develop performance measures that lead to better outcomes

Strategy 2: Use GMAP process to link goals to strategies to data to measurements to improved outcomes

Strategy 3: Participate in State information sessions and training to facilitate agency's ability to work within state government

Objective 2: Link resource use to progress towards agency goals

Strategy 1: Through budget process link resource use to improved outcomes

Strategy 2: Increase flexibility of agency by using part-time and contract employees when advantageous

Strategy 3: Reduce risk of forecast interruption through use of resources to

Improve information technology infrastructure

Link data systems, and

Maintain low staff turnover

Objective 3: Disseminate information on forecasts and forecast performance in a clear, timely, and assessable manner through the agency website.

Strategy 1: Review breadth and quality of information provided on website annually

Strategy 2: Strive to meet information needs of all customers through website

Strategy 3: Continue to use IT consultants to maintain and upgrade website

Performance Assessment:

The 2003-2005 Performance Progress Report for the quarter ending December 2004:

Variance from actual for selected forecasts

Program Area

K-12	Target	+/-1%	Actual	Quarter 1: 0.0%	Quarter 5: 0.25%
Adult Corrections	Target	+/-2%	Actual	Quarter 1: -1.4%	Quarter 5: -0.6%
Medical Assistance Categorically Needy	Target	+/-2%	Actual	Quarter 2: 0.1%	Quarter 7: -4.1%

Number of Alternative Forecasts Requested - 0

Discussion: All forecasts met their targets except for the Medical Assistance Categorically Needy forecasts in the seventh quarter of the 2003-2005 Biennium. This forecast was done during a period of significant policy changes. Significant policy changes increase the risk to a forecast because there is often limited data upon which to base expected policy impacts and they are based on implementation assumptions that are often adjusted in the future.

Assessment of adequacy of measures: The current performance measures do directly measure the outcome citizens would most care about for the Caseload Forecast Council, the accuracy of forecasts. The current measures, though, are insufficient in providing meaningful information to guide future action. The following changes to the agency's performance measure will address this concern:

- measure performance of all forecasts
- decompose variance of forecasts to provide information to Council on portion of variance over which the agency has control
- eliminate the number of alternative forecasts requested as a measure. This number does not provide information on the quality of the work of the Council.

Modifications of the performance measures are discussed below. These new measures will provide the agency with information it can use to improve its performance. These measures are tied to agency goals and strategies that will be assessed through our internal GMAP process.

Performance Measures:

Accuracy of forecasts is the most visible and easily measured indicator of performance. The February (even years), March (odd years) forecast is used by the Senate and House in the development of their proposed budgets. These budgets are eventually reconciled with the Governor's proposed budget and eventually emerge as the state budget (Biennial Appropriations Act). So the Council chooses the accuracy of the February/March forecast for the following fiscal year as its performance measure.

In particular, the CFC's performance measures assess the variance of the February/March forecast for the following fiscal year in all major program areas. This variance is decomposed into its major sources. The measure will be submitted in the third and the seventh quarters' of the Biennium.

Example: March 2004 forecast for fiscal year 2005 (July 2004 through June 2005) is due October 2005.

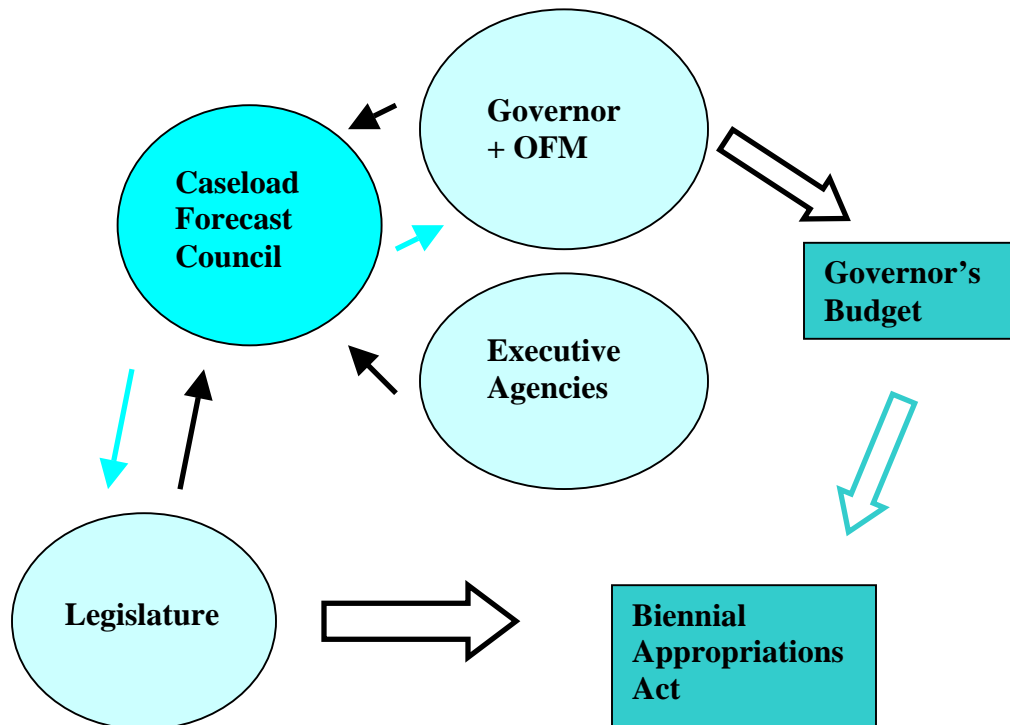
Variance is reported as average monthly variance between forecast and caseload for the fiscal year. The variance is then decomposed into a random component, and a non-random component. Within the non-random component the percent due to data revisions and the percent due to policy changes are identified.

Example: March 2004 forecast for fiscal year 2005

	Total	Random	Non-Random		
			data revisions	policy changes	other
Program A	6.30%	3.10%	0.80%	1.20%	1.20%
Program B	(8.3)	(5.0)	(0.2)	0.0	(3.1)

Appraisal of External Environment:

The Caseload Forecast Council performs a key function in the state budget process. The Council receives information from state agencies that provide entitlement services. They then develop entitlement caseload forecasts in conjunction with staff from OFM, state agencies, and the Legislature. These forecasts are the basis for the Governor's budget and for the Legislature's Biennial Appropriation's Act and, thus, have far reaching effects on state allocation of resources.



Influences on entitlement programs

External – there are many influences on entitlement programs that come from outside the entities that have representation through the technical workgroups. These include:

Environmental – changing demographics, the economy, migration, changing consumer tastes, etc.

Other programs – other programs that address the target population can have an influence on entitlement entries or persistence.

Outside agencies – other agencies, businesses, and individuals participate in the administration of many entitlement programs. Changes in the way these individuals and agencies operate can affect entitlement caseloads.

Federal Requirements – the federal government provides funding for many entitlement caseloads and sets rules and guidelines for many entitlement programs. Changes at the federal level can dramatically affect entitlement caseloads.

Legislative – the Legislature’s main influence on entitlement caseloads is through changes in enabling legislation and agency budgets. These are monitored through the legislative cycle and are estimated in caseload forecasts from fiscal notes.

Agency – the state agency that administers entitlement programs can influence caseloads through internal policies and procedures which interpret state law.

Influences on forecast process

Technical workgroup members – technical workgroups are the main influence on the creation of caseload forecasts. Technical workgroup members influence forecasts through their willingness to participate, through the identification of the right people to serve on workgroups, and through the skill and information workgroup members bring to the process.

Formal workgroup – Formal workgroup members can set the direction of the workgroup process. Membership and participation are the key areas where workgroup success is determined.

Council – the Council gives the agency direction in developing forecasts. Communication between Council members and agency staff is crucial for staff to accomplish Council goals.

Assessment of Internal Capacity and Financial Health:

Staff is the key resource of the agency supported by excellent information technology and administrative services.

The Caseload Forecast Council is an innovative, flexible, and dynamic state agency of the twenty-first century. The Council uses its resources wisely and resourcefully to fulfill its mission and achieve its vision.

Innovation is achieved through hiring, encouraging and promoting excellent staff.

Flexibility is achieved through the use of contracts and part-time or temporary staff when they would better meet the agency's needs.

Dynamism is achieved through targeted goals, collaboration with partners, and accountability.

Accountability is achieved through the wise use and conservation, wherever possible, of state resources.

Current staff has excellent technical and communication skills, has a high level of understanding of the program areas forecasted, and support each other in a collaborative team environment.

Capital and Technology Needs:

The agency purchases and maintains high performance information technology equipment. In order to maintain the ability to communicate effectively with all partners, to handle interaction with a variety of data sources, and to run the complex statistical programs necessary to produce forecasts, the agency has determined that hardware should be updated on a three year cycle and software should be updated annually.

The agency uses consultants to assess the adequacy of hardware and software, the stability and efficiency of data systems, and to minimize potential information technology risk.

The facility in which the Caseload Forecast Council is housed is currently adequate to meet the needs of the agency. The agency's independence in the state budget process is enhanced by being housed in a separate structure. All office space in the building is currently in use, and so any additional permanent staff would require modification of the existing structure or moving to a larger building.